

# Shasta Local Agency Formation Commission



## DRAFT Municipal Services Review & Sphere of Influence Update

### Bella Vista Water District

December 18, 2014

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## **1. EXECUTIVE SUMMARY**

Local agency formation commissions have been tasked with updating local agency municipal service reviews (MSR) and sphere of influence boundaries (SOI) every five years since 2008 [Government Code Section 56425 *et seq.*]. This study presents a baseline review of the Bella Vista Water District (BVWD) services and SOI needs, satisfying the requirements of this statute, and seeks to associate the original formation purposes and activities of the District with an understanding of its current day operations and future plans.

The Bella Vista WD staff provided excellent detailed information in response to our Request for Information for this current MSR and SOI review of the District, as is often the case where a local agency provides enterprise services. That data will be incorporated throughout this report. A number of related documents have been attached as exhibits to provide the reader with a more specific view of the coordinated operations and services provided by this District.

Too large to include completely are two important District documents: Bella Vista WD's 2005 Master Water Plan and the Redding Area 2011 Watershed Sanitary Survey, both prepared by PACE Civil, Inc. of Redding. Both of these documents are available from the District upon request and are posted on our website at [www.shasta.lafco.ca.gov](http://www.shasta.lafco.ca.gov) and both contain invaluable details and analyses of the Bella Vista Water District operations.

An additional important survey is the City of Redding's 2011 Federal Water Management Plan Attachments (205 pages), available from the City of Redding or the Internet. "Attachment A: City of Redding Water System Map" of that Plan's attachments demonstrates the interrelationship of the various water districts and cities in the North Sacramento Valley, and is included in this report as Exhibit C.

The District was formed in 1957 for the purposes of supplying agricultural water to a 32,500 acre area located northeast of the City of Redding. It was formed under the provisions of the California Water Code as a California Water District (Water Code Section 34000 *et seq.*).

The first Sphere of Influence Boundary assigned to this Bella Vista special district occurred in 1983. Boundary changes often required concurrent amendment of the District SOI boundary for each individual projects. SOI boundaries are meant to assist local agencies with long-range planning (10-20 years) for the potential provision of future services.

According to Shasta LAFCO resolutions, the District subsequently made, and LAFCO approved, over 26 annexations into its boundaries between 1964 and 2006. A Municipal Service Review was initiated by LAFCO staff in 2007, but not completed. After the 1986 SOI study, updates to the District's Sphere of Influence, contrary to the direction and purposes of LAFCO codes, occurred on a project by project basis. This review incorporates previous updates to the Sphere of Influence and the Municipal Service Review with current available data.

Both the SOI and MSR of local agencies are required to be reviewed and updated, as necessary, every five years. The next cycle of SOI/MSR review for this District will be due around 2019. As with many other providers of certain municipal-type services in Shasta County, it is recommended that a more comprehensive LAFCO review of the Bella Vista Water District be scheduled at that time.

## **2. GENERAL BACKGROUND**

The Bella Vista Water District was formed in 1957, and portions of it overlap both Redding and Palo Cedro. The community center of Bella Vista, is located approximately nine miles north of the City of Redding and five miles north of the unincorporated community of Palo Cedro. It currently covers 34,090 acres (52 square miles), and serves a population of approximately 16,500 (2010 census/GIS).

Established in 1887, the town of Bella Vista was originally at the Gipson Ranch at the end of Meyer Road. The ranch was purchased by the Shasta Lumber Company and a planing mill, drying shed, and box factory were built to process timber harvested from the Hatchet Mountain area near Burney. Bella Vista had the second largest flume in Shasta County, the wooden flume was 32 miles long, originating from Hatchet Mountain and ending at the mill.

Started in 1891, a standard gauge shortline railroad, the Anderson-Bella Vista Railroad, began operating on 15.6 miles of track that connected with the Southern Pacific mainline in Anderson. The line improved shipping time from the mill and was used for over 40 years, ceasing operations about 1929 when the mill was closed.

The town then moved to its present location at the junction of State Route 299 East and Deschutes and Dry Creek Roads. The community center is now characterized by retail and commercial shops, an elementary school, a church, and some light industrial development. The Bella Vista Volunteer Fire Company station (CSA #1 VFC #33) is located in this area.

Shasta Community College is located within the Bella Vista Water District service area, off Old Oregon Trail north of Highway 299 East. It receives not only domestic water, but also a significant amount of water for irrigation for agricultural uses at the farm facility located on the south eastern portion of the campus.

The Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH Act) provides the following focus for the provision of local governmental services:

*The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether*

*governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.*

The Bella Vista WD is empowered to provide the following services pursuant to Water Code Section [35401](#). :

*A district may acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto.  
(Amended by Stats. 1955, Ch. 1329.)*

It is the appropriate type of district to provide services to this urban and rural community.

In 2006, the LAFCOs in some counties studied and established policies and procedures to identify services provided by their local agencies, declaring any remaining services as “latent.” This set up a system that requires these independent agencies to undergo a special LAFCO review process and approval before they would be permitted to initiate those allowed services.

Although identification of latent services was a requirement for LAFCOs in 2006, a few short years later that section was amended to make identification of “latent” services discretionary rather than mandatory. Now, during sphere of influence updates, LAFCOs can choose whether to institute such proceedings on case-by case basis, or not.

Shasta LAFCO examined initiating this program back in 2006, but rescinded that decision in January 2014, electing to permit its local districts and cities to determine what services they wish to implement within its service areas and how they would fund such services.

Therefore, the Bella Vista Water District continues to be empowered to provide all services enumerated in the State laws governing their special district operations. Their public retains the ability to support or veto implementation of any additional services at the ballot box, thus providing a balance of power between service providers and service recipients, the latter, of course, are the ones who chose to approve the funding for new services.

### **3. AGENCY SERVICES**

#### **a. Infrastructure, Facilities and Services**

The District is empowered, under the California Water Code Section 34000 et-seq., to provide water services for municipal, commercial, industrial, and agricultural uses.

The District holds a current Central Valley Project (CVP) water service contract with the U.S. Bureau of Reclamation (USBR) in the amount of 24,578 acre feet per year (*Irrigation and M&I Contract No. 14-06-200-85IA-LTRI*). Negotiations between the USBR and 107 contractors receiving water from the Federal Central Valley Project (CVP) for long-term contracts was completed in February 2005 and made effective from March 1, 2005 to February 28, 2030, subject to further and additional renewals.

PACE Engineering completed a 10-year Master Plan in 2005 to provide a planning guide for future infrastructure needs. The District follows that plan as it applies to areas of growth, with priority given to immediate needs. A schedule of improvements found in that Master Plan. Exhibit K provides the introduction to this study. An electronic copy of the full study may be obtained upon request from the District and from Shasta LAFCO.

There are currently no identified infrastructure deficiencies that would result in permit or other regulatory violation. However, the District has minimal finished water storage and recently contracted with PACE Engineering to conduct a System Optimization Review of its facilities. Future expansion of storage facilities will provide additional system reliability and operations flexibility.

The District uses hydraulic modeling and analysis to ensure the District meets state and federal Drinking Water Standards. The District's system is generally good, with repair and maintenance accomplished on a regular basis.

New developments are required to finance the infrastructure needed to support that development. System upgrades are typically financed by the District through capital improvement fees, developer contributed capital, rates (general fund), loans and grants from state and federal agencies, or other public financing vehicles when necessary.

District service needs are forecast in their Master Plan, which is based on empirical data (e.g. maximum hour, maximum day demand, per capita water use, and irrigation for agricultural and non-agricultural use based on irrigated area). Historical growth and population data trends are also taken into consideration for forecasting future service needs.

One area within the District may be more efficiently served by the City of Redding. There are some areas to the south in the area of Palo Cedro that may be able to be served by this District at some time in the future, but additional water supplies would need to be developed before service could be considered. All proposed annexations require compliance with the District Annexation Policy, and be reviewed and approved by both the District and the USBR. The District is not currently considering any proposals requesting annexation.

The District provides the same level of service to all areas of the District; however, water pressure will vary due to elevation differences and a property's location in the system. The District service area has a vast water delivery system consisting of ten (10) different pressure zones. Demand and capacity calculations, along with population and growth factors, determine capital improvements needed in each pressure zone area. The District has not established any internal zones or service areas, other than pressure zones, and there is no variance or inequity of levels of service within the District boundaries. All areas within the District are efficiently served by the District, which is



the most appropriate service provider within its boundaries.

Capital facilities are “sized” for anticipated peak (i.e. maximum day or maximum hours) demands and fire flow requirements. A System Optimization Review study, funded in part through a USBR WaterSMART grant was completed in late 2013. Current facilities provide backup water supply for emergencies through existing emergency intertie agreements with neighboring agencies. Any additional facility sharing that would need to conform to USBR policies, requirements, review, and approvals for non-project use of Central Valley Project facilities.

As developers contact the District to inquire about receiving service, the District is able to determine the level of service needed into the future, balanced by the supply available to the District under the their ongoing water service contract with the USBR.

The District has emergency intertie agreements and connections with the surrounding agencies (City of Redding, City of Shasta Lake, Mountain Gate CSD, Shasta County CSA #8-Palo Cedro), and is able to provide emergency water to these agencies under most circumstances. The District is also able to receive emergency water from the City of Redding and the City of Shasta Lake. Presently, the Bella Vista Water District has a three-party agreement with the McConnell Foundation and Turtle Bay Exploration Park to provide non-potable water for irrigation and fire protection (to fire hydrants) services to the Turtle Bay Arboretum.

Residential water service has been provided to five parcels within the City of Redding’s water service area since 1994 under an agreement with the City until the City extends services to those parcels. No annexation of these parcels is anticipated.

For emergency situations, the District has limited storage capacity that has been generally sufficient to meet emergency needs for a few hours during the peak usage for summer months. However, the District has substantial pumping, treatment, conveyance capacity, and backup power supplies to pump water from the Sacramento River to its Water Treatment Plant.

A generator at the Wintu Pump Station can power at least two 1000/hp pumping units and one 600 Hp pumping unit in event of a loss of electrical power emergency. A spare transformer is available for use at the Wintu pumping plant in the case of an electric power transformer failure. A 10 KW generator at the Water Treatment Plant enables the District to continue to provide water treatment during a power outage at that location. The District has five groundwater wells that combined can supply approximately 3,500 gpm and can be utilized to supplement supply or as an alternate supply during a surface water quality or treatment emergency. A portable generator is available to use at any pumping station during a power emergency. As mentioned above, intertie agreements also provide additional emergency water resources.

## **b. Administration, Management and Operations**

When preparing or updating a municipal service review, information about administrative, management and operational functions, including assuring internal organization and agency policies, rules, and regulations are evaluated with respect to efficiencies and/or cost avoidance opportunities.



Bella Vista WD has twenty-six employees within its four departments (Administrative, Engineering, Treatment, and Distribution). The General Manager/Secretary/Treasurer reports to the Board of Directors. Each department has a working manager that, combined with the general manager position, comprises the District's Management Team. A Field Inspector position was eliminated, and the Payroll Clerk and District Secretary positions were merged into one position. For non-management represented employees, the District currently has a Memorandum of Understanding with a 5-year, 3-step compensation program based upon an average or above performance evaluation.

The District contracts for the following services:

- Janitorial
- Laboratory analysis
- Liquid and solid waste disposal (public agency)
- Legal
- Engineering design
- Information Technology (IT)
- Heating, ventilation, air conditioning (HVAC) maintenance
- Motor vibration testing
- Pump overhaul and machining
- Motor overhaul and machining
- Supervisory control and data acquisition (SCADA) programming

The District utilizes specialized services on an as-needed basis. The District has adopted policies and requirements for competitive bidding, which finds these arrangements are the preferred and most efficient method for obtaining such services. Contracting for these services assures both the District and its rate-payers that the services and related expenses are exclusively for and limited to their benefits. Depending on the specific contract, contractor performance incentives may be in the form of additional payment, completion payments, or disincentives in the form of liquidated damages when a contract is not completed in a timely manner.

The District's written policy requires competitive bidding on purchases of more than \$1,500. Every District employee is responsible to follow this policy. The General Manager is delegated responsibility and authority as the District's Purchasing Authority. Sole-source services are exempt from competitive bidding, and usually are used for such items as motor balancing and specialized equipment. A 1% preference is granted to local (Shasta County) bidders over bidders from outside the county. A Public Contract Bidding policy provides guidelines for public works bids.

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), which provides property, liability and workers' compensation insurance. The District receives a discount for obtaining all three insurances from this JPIA.

It is also a member of the California Water/Wastewater Agency Response Network (CalWARN) whose mission is to support and promote statewide emergency preparedness, disaster response, and mutual assistance matters for public and private water and wastewater utilities.

The District has received five awards or recognitions during the past three years:

- ACWA 2011 Outreach Recognition Award (*outreach and communications made to elected officials and legislators regarding water agency matters and related legislation*)
- ACWA/JPIA President's Special Recognition Award (*low ratio of paid claims in the property program for the period of 4/1/2007—3/31/2010*)
- ACWA/JPIA President's Special Recognition Award (*low ration of paid claims in the liability program for the period of 10/1/2007-9/30/2010*)
- ACWA/JPIA H.R. LaBounty Safety Award (*to Mark Maty, Water Distribution Operator 12/2010 for submittal of safety program idea*)
- ACWA/JPIA H.R. LaBounty Safety Award (*to Mike Grandmain, Field Technician, 12/2011 for submittal of safety program idea*)

**c. Fiscal**

The District Board of Directors is responsible for establishing and maintaining a system of internal accounting control and has established a committee to provide oversight and assistance in this work.

The District's revenue sources are detailed in its adopted budget and include:

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| • Sale of water                          | • Interest on investments                           |
| • Base (capacity) Charges                | • Capital Improvement Fees (new connection charges) |
| • Charges and fees for specific services | • Loans & Grants                                    |
| • County property taxes                  | • Service Installations                             |
| • Special Assessments                    |   |

See Exhibit E – Fiscal documents for summaries.

The ability of the agency to generate revenue is constrained by statutory limitations, limited customer payment capacity, and reduced water sales during water shortage years. The District budget, adopted annually, relies on its Purchasing Policy and procedures described in the previous subsection a. above. The District has not pursued bond financing in recent years, and therefore does not have a current bond rating.

The primary goals and objectives of the District's adopted Investment Policy are, in priority of order, as follows: Compliance with the law; Safety; Diversification; Liquidity; Return on Investment; and Deposits with Financial Institutions. Responsibility for investment decisions is vested in the Board of Directors and any committees for that purpose, and the Secretary/Treasurer of the District. Reporting requirements are outlined in this policy.

The District does not have a written policy limiting the amount of reserves or retained earnings, however, it does have restricted reserves, and the Board manages authorized reserves as follows:

- Department of Interior Note Reserve: *(to maintain adequate financial capability to meet unusual and unforeseen extraordinary operation and maintenance costs in accordance with the District's USBR contract)*
- Capital Improvement Fund: *(to deposit capital improvement fees charged for connections to the District water system; to pay for improvement of District facilities, to maintain adequate facilities as growth within the District occurs.)*
- Water Treatment Plant Improvements Fund: *(to deposit fees charged for the water treatment plant improvements required by the California State Water Resources Control Board, Division of Drinking Water, and to service the established debt.)*
- Palo Cedro Special Projects: *(to reduce the initial construction cost of the Palo Cedro South Project. Property owners agreed to a capital facilities charge when they chose to connect to the system. Funds specifically allocated to this work only.)*
- 1996 Redemption Fund: *(to deposit revenues collected with property tax statements for a 96-1 Assessment, repaying the fund obligations to the USDA.)*
- Contingency Fund: *(an appropriation and inter-fund transfer account, used as needed for cash flow purposes.)*
- Municipal and Industrial Deficit Fund: *(to fund current year M&I operating deficits charged by the U.S. Bureau of Reclamation)*
- Extraordinary Operations Maintenance Replacement Fund: *(to assist with long-term planning and budgeting the District will face for aging facilities and infrastructure. A separate allocation under this fund was created to assist the District with purchasing vehicles and large equipment items. The goal is to spread the impact of these significant costs over many years, rather than paying it all out in one year.*

A monthly financial packet is presented to the Board of Directors to assist in review of the status of these funds and accounts.

The District's water service contract with the USBR includes two categories of water rates: Irrigation Water, and Municipal and Industrial (M&I) water. Federally subsidized Irrigation Water is applied to "Agriculture" and "Aquaculture" customer use classes. M&I rates are applied to "Residential," "Rural," "Commercial," and "Public Institutional" customer classes. Each water type has an increasing block tiered rate structure.

Agricultural and Aquaculture customers enjoy the federal subsidy that results in a lower wholesale cost which is passed on to them in their retail rates. There are minimum

eligibility criteria and ongoing requirements to qualify for these rates.

A five year rate study was performed in 2010 to stabilize fluctuations in water rates due to fluctuating expenses, while allowing for a pass-through of wholesale water cost variations. Capital Improvement Fees are based on the Master Plan and include an inflationary factor that utilizes the Engineering News Record's Construction Cost Index. The Cost-Based Rate Study was adopted in 2010, and will be updated and superseded in 2015, after input from the Board, its Committees, its customers and the general public. All rate structures and rate setting methodology must comply with the applicable regulations and statutory authorities, include the provisions of Proposition 218.

The District has a Rebate Policy which allows customers who pay for a water line extension to be partially reimbursed by others who directly benefit from the extension of services; no rebates have been paid out during the past three years.

Another policy, the Policy for Water Services for Affordable Housing, was established to provide a uniform procedure for granting priority for providing water services to proposed developments that also include affordable lower income housing units pursuant to provisions of California Government Code 65589.7. Please refer to District policies for details on this program.

The Extraordinary Operations, Maintenance and Replacement methodology utilizes a 20-Year planning projection to address depreciation and aging infrastructure. By annualizing anticipated year-to-year expenses over the term of the Plan, the District is able to reduce rate volatility and stabilize rates. The methodology and the reserves provide the District a mechanism to fund large capital replacement projects.

**d. Governance**

The District Board of Directors is composed of five landowners elected to four-year, staggered terms. Directors are elected or appointed at large. The District is a landowner voting agency, with the number of votes based only on the assessed value of the land. In the past there have been elections with several candidates during alternate election years. In between this cycle incumbents have run unchallenged. Appointments are used to fill vacant positions outside the election cycle.

The Board of Directors meet regularly on the fourth Monday of every month. Occasionally, circumstances or issues may arise requiring them to hold special meetings, as when grant funding deadlines or approvals must be met outside the regular schedule.

Regular meetings are held at the District offices, beginning at 5:30 p.m. All Board meetings are conducted in compliance with the Ralph M. Brown Act. Meetings are advertised on the District website ([www.bvwd.org](http://www.bvwd.org)) and in the East Valley Times, and public participation is encouraged. The public is allowed to comment on each agenda item and to commune during the public comment period when a topic is not on the agenda. The Board meeting

room is adequate to accommodate all but a few meetings, and is handicap accessible. When larger accommodations are necessary for a larger attendance, meetings have been moved to a nearby college campus.

#### **4. REGIONAL CONTEXT/RELEVANT SERVICES BY OTHER AGENCIES**

The Bella Vista Water District has no land planning authority. Land use and building regulation services within the Bella Vista Water District service area are either provided by the City of Redding for areas within the City limits or the County of Shasta for areas outside of the City limits. County services include law enforcement, road services and other general services provided to the unincorporated areas of the county by various County departments. The District maintains interagency cooperative agreements which benefit both the citizens within the district and neighboring agencies.

At its January 9, 2014, meeting, Shasta LAFCO rescinded a previous “latent services” restriction that had been applied to all special districts. This means that at this time these local agencies can provide all authorized services outlined in their enabling acts or codes, should they decide to do so and are able to finance those services, without formally coming back to LAFCO for permission. Should the Commission determine to revisit this issue at a later time, the subsequent requisite hearing process would include wide-spread notice and involvement of local agencies and citizens that would be affected in this process.

#### **5. AGENCY BOUNDARY AND PROPOSED SPHERE OF INFLUENCE UPDATE MAPS.**

The District’s current service area is identified by its current boundaries and the SOI boundary updated in 1983, as amended from time to time since then by annexations. The District has worked closely on this study with LAFCO staff to assure that the District boundary displayed in Exhibit A accurately reflect its current legal boundary, and that the SOI boundary proposed for the District in Exhibit A is a boundary that is consistent with current and anticipated growth plans for the area over the next 10-20 years.

It is recommended the Commission approve the Bella Vista WD SOI boundary as proposed on Exhibit A of this report.

#### **6. WRITTEN DETERMINATIONS FOR THE MUNICIPAL SERVICE REVIEW**

##### **a. Growth & Population Projections**

Development and growth within the District will be primarily guided by an improved economy and the willingness of applicants requesting services to pay for extension of District services. Extension of services into the SOI boundary area will require, in most cases, an

application to annex according to the District's policies and procedures for extension of services.

Unemployment as of June 2014 was about 9.5%, with a local job growth index of 1.04%. As a bedroom community to Redding estimated job growth for the area over the next ten years is predicted to be near 32.60%. This general area has experienced a 4% increase in population from 2000 to date. The income per capita is \$22,633 (includes adults and children) and the median household income is \$63,125. (Sperling's Best Places website).

District operations, service availability, and program growth will be included and considered during future processing of development permits by regulating agencies so as to effectively assist the District to meet anticipated service needs and growth. The District estimates current service delivery to a population of 16,500, according to the 2010 U. S. Census.

**b. Disadvantaged Unincorporated Communities (DUCs)**

Senate Bill 244 (2011) governing the identification of disadvantaged unincorporated communities (DUCs) requires both counties and cities to undertake an inventory of these areas during updates of their General Plan Housing Element.

In addition, LAFCOs are mandated to make determinations about DUCs located within or adjacent to an agency during its periodic municipal service review and sphere of influence updates, and also during any subsequent proposed boundary change requests. Shasta LAFCO has not at this time established a local policy for defining or modifying the review requirements for these DUCs set by the Legislature in SB 244.

A "community" is defined in SB 244 as an inhabited area within or coterminous to a city's sphere of influence, and that is comprised of no less than 10 dwellings adjacent or in close proximity to one another, or at least 12 registered voters within the identified area.

Most of the Bella Vista Water District service area is to unincorporated areas, with the exception of areas served by mutual contractual agreement with the City of Redding and a few other agencies. Areas outside the District, serviced by or coterminous to the District's sphere of influence, may also qualify as a DUC under this Act, as may certain areas within the District.

Analysis by Shasta County, to take place during specific General Plan element updates, will include an evaluation of unmet service needs of these DUC areas (i.e. failing septic systems, water service, or drainage issues, etc.). They can include such "communities or neighborhoods" as trailer parks or resort areas. Unincorporated areas receiving agency services should also be identified and marked for future annexation.

With identification of these special areas adjacent to the city sphere of influence, and the City's plans and policies established to address their unique service needs, LAFCO will be able to incorporate new data during the next round of municipal service reviews and sphere of

influence updates due near 2019.

LAFCO is using a California State Parks ([www.parks.ca.gov](http://www.parks.ca.gov)) calculator to provide a guide in estimating income and population levels (see attached sheets). The population counts shown on these reports only encompass a general diameter of the area and may not reflect the actual population assigned to those areas. The estimated income in this model is per capita rather than per household. Once the County staff completes the location and analysis of its DUCs, updated figures and data will be available for incorporation in the next LAFCO review.

According to the Parks model, the median per capita income for the state is \$46,477, and a local community would qualify for designation as a DUC if their median income falls below 80% of this figure. The median per capita income calculation for the Bella Vista WD area is estimated to be near \$26,710, which includes all adults and children. The median household income within the District has been estimated at \$63,125.

A useful State Technical Advisory about the Disadvantaged Communities process may be downloaded from the Shasta LAFCO website at [www.shasta.lafco.ca.gov](http://www.shasta.lafco.ca.gov) under the “Resources” tab for use in locating and planning for services to identified DUCs by the County, its cities, and those special service districts providing services to these DUC areas, or whose sphere of influence is coterminous with the County’s unincorporated areas.

**c. Present and Planned of Public Facilities**

The District monitors capital improvement needs to maintain and upgrade service systems. Future development will pay its pro rata share of costs for services. The Bella Vista Water District’s Master Plan and other studies are available for review upon request to the District.

**d. Adequacy of Public Services**

District facilities are very adequate for current service needs. It also has sufficient access to needed resources and the capacity to serve the areas within the proposed sphere of influence boundaries, with the cost of extension of services tied to development permits for future growth. The USBR contract with the District is subject to water supply restrictions during drought conditions, but these drought restrictions are applied to all CVP Water Service Contractors, and are not specific to only this district.

**e. Infrastructure Needs or Deficiencies**

The District regularly monitors and evaluates water service infrastructure for capacity, condition, and availability of quality water services. Correlation of operational, capital improvement, and finance plans are appropriate for the size of the District and its service levels to the area at this time.



**f. Financing Constraints and Opportunities**

As an “enterprise” district, the District derives its funding for water from a diverse list of revenues, fees, and charges levied for services provided. The District strives to maintain a reasonable nexus between fees and charges levied and the cost of the service provided.

Most enterprise funds are raised from fees related to that particular service mission. This approach has its advantages. Service recipients and the general public can see how much it costs to provide those services, and why their fees are set at a certain levels. This level of transparency is beneficial for both the District and its customers.

Although it is not always possible to balance those fees and the cost of providing them perfectly, for a fund may run in the red one year. When this happens, it is a sign the local agency needs to raise their fees for that service. On the other hand, should the service fund revenues exceed expenses, the money could be used to fund operations during the next fiscal year, and customers might even see their fees drop.

That having been said, the District seeks to be as efficient and innovative as possible in maximizing use of existing fiscal resources, utilizing cost avoidance techniques that increase efficiency and decrease operating costs. Techniques include eliminating duplicate services, reducing high-administrative-to-operational-cost ratios, reducing inventories of inefficient and/or outdated equipment, implementing economies of scale, and creative use of personnel resources.

More specific data about this and other topics may be found in the District’s Master Plan and System Optimization Review.

**g. Opportunities for Rate Restructuring**

The District primarily utilizes water sales, capacity charges and special assessment revenue for maintenance and replacement of existing facilities. The District primarily utilizes capital improvement fees for the construction of improvements to develop new capacity. These charges are reviewed, indexed and adjusted annually to keep up with inflation and increased costs.

There are inherent statutory limitations on the ability of enterprise districts to restructure rates. With that in mind, the District should regularly review fees and charges levied so as to maintain a reasonable nexus between rates and actual costs.

The District employs effective rate setting procedures, identifies conditions that could impact future rates, and gives due consideration to timely restructuring opportunities without impairing the quality of services delivered.

**h. Status of and Opportunities for Shared Facilities**

Again, there are presently inherent limitations – geographically, jurisdictionally, and operationally – on District water service facilities being extended to and/or shared with other areas or other water service purveyors outside its proposed SOI boundary, other than those agreements which are already in place. The District presently shares existing pumping, treatment and storage facilities with neighboring agencies for emergency intertie purposes.

**i. Accountability for Community Service Needs, Governmental Structure, and Operational Efficiencies.**

The Bella Vista WD works effectively with other public water systems and other public organizations in exploring additional inter-governmental options that may have the potential to achieve economies of scale and greater efficiencies in the delivery of service to its customers.

The District continues to strive towards an effective internal organization to provide efficient, quality services, and has developed an understanding of the various governmental restructuring and jurisdictional change options provided under the LAFCO statute as they pertain to the District and its services.

**7. WRITTEN DETERMINATIONS FOR THE SPHERE OF INFLUENCE UPDATE**

**a. Present and Planned Land Uses**

For those areas within the City of Redding, the City has included residential and commercial zoning depending on sewer and other planned city services. Shasta County designates much of the area served as rural residential, some commercial, some agricultural, and oak woodland uses. The Shasta County General Plan and Zoning Ordinance establishes and enforces current planning and zoning uses permitted within the District and within its SOI boundary. This is a rural area, with community development either clustered around County-approved subdivisions or scattered about on secondary roads.

**b. Present and Probable Need for Public Facilities; Adequacy of Services**

The District has ongoing capital improvement programs to maintain and upgrade service systems. Its Master Plan details improvements planned to accommodate additional growth needs and service connections.

**c. Present Capacity of Public Facilities and Adequacy of Services**

District facilities are very adequate for current service needs. It has the capacity to serve the areas within the proposed sphere of influence boundaries, with extension of services and other system improvements.

Based upon the topography and some of the naturally defined boundaries, all of the areas included within the District and its sphere of influence can be efficiently serviced by District facilities through pumped, pressurized pipeline delivery systems, the construction of new mainline extensions, storage reservoirs, and the addition of pump stations in a few areas of higher elevation. New development will be required to install new infrastructure at the time of construction.

Historically, the reliability of water supply from the Central Valley Project (CVP) has been good; however, it has been necessary to exercise conservation measures during extreme drought conditions. In general, the District's annual average water usage is approximately 50% of the total contracted amounts; therefore, the District has ample contracted supply available for present and future use. However, the reliability of CVP supply has been reduced over the past two decades as a result of legislation, regulatory actions and judicial rulings primarily related to the implementation of the Endangered Species Act. Examples include the Central Valley Project Improvement Act, Trinity River Record of Decision and the Delta Smelt/Salmonid Consolidated Cases ruling. Biological Opinions and operational considerations required to address potential impacts to threatened and endangered species have resulted in a cumulative substantial loss of CVP yield, less water supply available to CVP Contractors and supplies that are less reliable from year to year. No new water storage reservoirs have been added to the state and federal water projects to offset these impacts or to address the state's overall population growth.

Recently, the State's voters approved Proposition 1 - Water Bond Funding for Water Quality, Supply, Treatment, and Storage Projects. The measure authorizes \$7.545 billion in general obligation bonds for state water supply infrastructure projects, including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. This reinvestment in water supply infrastructure will hopefully help to restore supply reliability into the future.

The Bella Vista Water District presently has adequate treatment capacity to meet current and future service needs based on hydraulic modeling, its adopted Master Plans and recent System Optimization review. The District owns the facility (the water treatment plant) and is responsible for the operation and maintenance of the Wintu Pumping Plant, Main Conduit and 4 MG Storage Tank, while the United States retains ownership of these federal facilities.

**d. Existence of Social or Economic Communities of Interest**

The Bella Vista WD has a limited number of commercial, and public institutional customers within its boundaries; the majority of customers served are residential and rural customers. There are limited number Agricultural customers that have the prerequisite soils and acreage to be economically viable. The City of Redding provides major shopping and service industry hubs for local residents.

**e. Present and Probable Needs of Disadvantaged Unincorporated Communities (DUCs) in the Area.**

As identified earlier, the District's general service area may qualify as a disadvantaged unincorporated community (less than 80% of the state average) under the per capita measure of the population's income, or not if using the per household measure.

Shasta County is in the process of undertaking a study of these DUCs throughout the county as part of their General Plan update and additional information should be available for an expanded analysis of this designation during the next MSR/SOI Update which will be due in 2019. This study simply identifies the first step in that process: that areas within the District may qualify as a DUC and will be evaluated as such in future projects.

## **8. CONCLUSION**

In this review, Shasta LAFCO has endeavored to accurately assess the current services and organizational status of District as a provider of domestic and irrigation water services based upon information available at this time.

This is the first review of this district's sphere of influence since 1983, and it is expected that additional service data will be brought forward as future development occurs. LAFCO has made what we believe are substantiated determinations based upon prescribed statutory factors.

It is recommended that the municipal service review and sphere of influence update for the Bella Vista Water District be adopted as presented on the enclosed SOI update map shown as Exhibit A.

## **9. REFERENCES**

- a. District (interviews, records)
- b. County of Shasta Departments
- c. Shasta LAFCO files for this district.
- d. Internet research on various sites.

## **10. EXHIBITS**

- A. Map of proposed SOI Boundary for Bella Vista Water District
- B. BVWD Pressure Zones
- C. BVWD-2011 COR Water System Map
- D. BVWD Organization Chart
- E. BVWD Fiscal Documents

- F. BVWD Rates & Connection Fees
- G. BVWD 2010 Cost Based Rate Study
- H. BVWD Public Communications Examples
- I. BVWD Final 20YR EOMR 13-14-2013
- J. BVWD 2012 Annual Report – Drinking Water Program
- K. BVWD 2005 Master Plan – Partial: Introduction\*
- L. BVWD 2011 Watershed Sanitary Survey – Partial: Introduction\*
- M. Community Calculator – Bella Vista
- N. Notice of Intent to Adopt CEQA Determination – Statutory Exemption PRC 21083
- O. No Effect Determination – CDFW

\*Full document available from Bella Vista Water District